

Legislative Audit Division

State of Montana



Report to the Legislature

September 1995

Financial-Compliance Audit For the Fiscal Year Ended June 30, 1995

Guaranteed Student Loan Program

Commissioner of Higher Education

We issued an unqualified opinion on the financial statements of the program and our report contains no recommendations.

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Financial-compliance audits are conducted by the Legislative Audit Division to determine if an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations which could have a significant financial impact. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States General Accounting Office. Financial-compliance audit staff members hold degrees with an emphasis in accounting. Most staff members hold Certified Public Accountant (CPA) certificates.

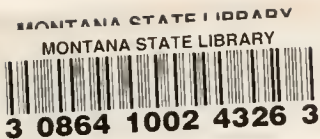
The Single Audit Act of 1984 and OMB Circular A-128 require the auditor to issue certain financial, internal control, and compliance reports regarding the state's federal financial assistance programs, including all findings of noncompliance and questioned costs. This individual agency audit report is not intended to comply with the Single Audit Act of 1984 or OMB Circular A-128 and is therefore not intended for distribution to federal grantor agencies. The Legislative Audit Division issues a statewide biennial Single Audit Report which complies with the reporting requirements listed above. The Single Audit Report for the two fiscal years ended June 30, 1993 has been issued. Copies of the Single Audit Report can be obtained by contacting:

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Legislative Audit Division


Financial-Compliance Audit

For the Fiscal Year Ended June 30, 1995

Guaranteed Student Loan Program

Commissioner of Higher Education

Members of the audit staff involved in this audit were John Fine, Wayne Kedish, and Paul J. O'Loughlin.



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STATE OF MONTANA

Office of the Legislative Auditor

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DEPUTY LEGISLATIVE AUDITORS:

MARY BRYSON
Operations and EDP Audit

JAMES GILLET
Financial-Compliance Audit

JIM PELLEGRINI
Performance Audit



LEGISLATIVE AUDITOR:
SCOTT A. SEACAT

LEGAL COUNSEL:
JOHN W. NORTHEY

September 1995

The Legislative Audit Committee
of the Montana State Legislature:

This is our report on the financial audit of the Commissioner of Higher Education's Guaranteed Student Loan Program (GSLP) for the fiscal year ended June 30, 1995.

The Montana Guaranteed Student Loan Program was authorized by the Montana Legislature in 1979 and established July 1, 1980. The GSLP allows eligible students to receive loans from lending institutions to pay for post-secondary education. The federal government guarantees the loans made by lending institutions and makes administrative cost reimbursements to the GSLP. The Budget Reconciliation Act of 1993, which includes the Student Loan Reform Act of 1993, may have a material impact on the operations of the GSLP in future years. For more information see note 19 on page A-13 of the notes to the financial statements.

The Guaranteed Student Loan Program initially contracted with United Student Aid Funds, Inc. to process and service loans. In 1988, the Montana GSLP began assuming the administrative duties associated with the loan guarantee process. During 1990 the GSLP assumed complete administrative controls but continues to contract with USA Services, Inc. for computer support services.

We thank the Commissioner of Higher Education and his staff for their cooperation and assistance during the audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott A. Seacat", written over a horizontal line.

Scott A. Seacat
Legislative Auditor

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Independent Auditor's Report & Program Financial Statements



LEGISLATIVE AUDITOR:
SCOTT A. SEACAT

LEGAL COUNSEL:
JOHN W. NORTHEY

STATE OF MONTANA

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DEPUTY LEGISLATIVE AUDITORS:

MARY BRYSON
Operations and EDP Audit

JAMES GILLET
Financial-Compliance Audit

JIM PELLEGRINI
Performance Audit

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

We have audited the Balance Sheet of the Commissioner of Higher Education's Guaranteed Student Loan Program - Special Revenue Fund of the state of Montana as of June 30, 1995, and the related Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the fiscal year then ended. These financial statements are the responsibility of the program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the financial statements present only the Commissioner of Higher Education's Guaranteed Student Loan Program - Special Revenue Fund and are not intended to present fairly the financial position and results of operations of the state of Montana in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commissioner of Higher Education's Guaranteed Student Loan Program - Special Revenue Fund of the state of Montana as of June 30, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Respectfully submitted,

A handwritten signature in cursive script, reading "James Gillett".

James Gillett, CPA
Deputy Legislative Auditor

August 30, 1995

COMMISSIONER OF HIGHER EDUCATION
GUARANTEED STUDENT LOAN PROGRAM
SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 1995

ASSETS

Cash in Treasury	\$1,105,059
Accounts Receivable	88,731
Due From Federal Government (Note 2)	1,601,456
Investments (Note 3)	<u>7,219,800</u>
Total Assets	<u>\$10,015,046</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable	\$148,052
Property Held in Trust (Note 4)	47,367
Due to Federal Government (Note 5)	659,222
Deferred Revenue (Note 6)	<u>5,215,304</u>
Total Liabilities	<u>\$6,069,945</u>

Fund Balances:

Restricted (Note 7)	\$54,949
Unrestricted	<u>3,890,152</u>
Total Fund Balance	<u>\$3,945,101</u>
Total Liabilities and Fund Balances	<u>\$10,015,046</u>

The accompanying notes are an integral part of this financial statement.

COMMISSIONER OF HIGHER EDUCATION
MONTANA GUARANTEED STUDENT LOAN PROGRAM
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Guarantee Fee Income (Note 6)	\$828,846	\$1,384,365	\$555,519
Transitional Support (Note 8)	828,846	855,021	26,175
Investment Earnings	212,420	373,295	160,875
Collection Costs Retained (Note 9)	662,000	973,026	311,026
Supplemental Preclaims Assistance (Note 10)	143,974	214,934	70,960
Accrued Interest (Note 11)	0	11,015	11,015
Nonreinsured Loan Recoveries	0	41,902	41,902
Escrow Disbursement Service Fees (Note 4)	0	55,389	55,389
Miscellaneous Revenue	50,000	7,394	(42,606)
TOTAL REVENUES	<u>\$2,726,086</u>	<u>\$3,916,341</u>	<u>\$1,190,255</u>
EXPENDITURES:			
Administrative Costs	\$3,274,972	\$2,626,508	\$648,464
Equipment and Intangible Assets	73,203	27,341	45,862
TOTAL EXPENDITURES	<u>\$3,348,175</u>	<u>\$2,653,849</u>	<u>\$694,326</u>
Excess Revenues Over/ (Under) Expenditures	(\$622,089)	\$1,262,492	\$1,884,581
Prior Year Adjustment (Note 14)	0	(375)	(375)
Fund Balance - 07/01/94	<u>2,682,984</u>	<u>2,682,984</u>	<u>0</u>
Fund Balance - 06/30/95	<u><u>\$2,060,895</u></u>	<u><u>\$3,945,101</u></u>	<u><u>\$1,884,206</u></u>

The accompanying notes are an integral part of this financial statement.

COMMISSIONER OF HIGHER EDUCATION
GUARANTEED STUDENT LOAN PROGRAM
SPECIAL REVENUE FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Program

The State of Montana's Guaranteed Student Loan Program (MGSLP) is located in the Office of the Commissioner of Higher Education. As a Special Revenue Fund, it accounts for the proceeds of revenue sources that are legally restricted to expenditures for specified purposes. MGSLP was established by the Office of the Commissioner of Higher Education in fiscal year 1981 to coordinate and administer the federally insured student loans issued by various lending institutions within the State of Montana. Montana's Federal Family Education Loan Program operates in compliance with agreements with the U.S. Department of Education (DE), pursuant to Section 428 of the Higher Education Act of 1965, as amended.

B. Basis of Accounting

The financial statements were prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recorded on the basis of valid obligations. Revenues are recorded when received in cash unless susceptible to accrual. Revenues are susceptible to accrual if they are measurable and available to finance expenditures of the fiscal period or are not received at the normal time of receipt. Revenues are deferred if material and received before the normal time of receipt or if received for a particular activity and the expense for that activity has not been incurred prior to fiscal year end.

2. DUE FROM FEDERAL GOVERNMENT

MGSLP pays individual lending institutions for any loans that have been defaulted or are unpaid due to the death, permanent disability, or bankruptcy of the borrower. The agency then seeks reimbursement from DE in accordance with reinsurance agreements between the agency and DE (See Note 12).

In addition, the receivable Due From Federal Government includes amounts MGSLP had not yet received for transitional support payments (Note 8) for the fourth quarter of FY95, and supplemental preclaims assistance (SPA) reimbursements (Note 10) for the last two months of FY95. The extent of the outstanding reinsurance activity and other pending reimbursements from DE as of June 30, 1995, is shown below.

Reinsurance claims due from DE	\$1,482,370
Fourth quarter Transitional Support	79,316
Two months SPA	<u>39,770</u>
Total Due From Federal Government	<u>\$1,601,456</u>

3. INVESTMENTS

Investments are units purchased in the State of Montana's Short Term Investment Pool (STIP) and are reflected at cost, which equals market. At June 30, 1995, MGSLP owned 7,219,800 units valued at \$1 per unit for a total of \$7,219,800. STIP securities include Banker's Acceptances, Commercial Paper, Corporate Obligations, Montana Certificates of Deposit, Government Securities, and Repurchase Agreements. At June 30, 1995, most securities, classified as Risk Category 1, were held by the state or its agent in the state's name. The remaining portion, classified as Risk Category 2, was loaned under a security lending agreement with the state's agent.

The State of Montana's STIP investment portfolio contained asset-backed securities and variable rate securities with market values of \$127,254,545 and \$152,952,700; 14.85% and 17.85%, respectively, of the total portfolio at June 30, 1995. Board of Investment's policy requires that STIP investments have the highest rating in the short term category by at least one of the six Nationally Recognized Statistical Rating Organizations.

Asset-backed securities have less credit risk than securities not backed by pledged assets and market risk for these securities is the same as market risk for similar non asset-backed securities. While variable-rate securities have credit risk identical to similar fixed-rate securities, their market risk is more sensitive to interest rate changes. Market risk may be less volatile than fixed-rate securities because the value of variable-rate securities will usually remain at or near par. There are no legal risks that the Board of Investments is aware of regarding any STIP investments.

4. PROPERTY HELD IN TRUST

MGSLP operates an escrow disbursement service for approximately fifty-one lenders. Participating lenders are assessed a fee for this service. In accordance with contracts MGSLP has with the disbursement service lenders, MGSLP automatically debits the lenders' accounts to collect loan proceeds. MGSLP then disburses funds to the schools for delivery to the students either by individual State of Montana warrants or electronic transfers. The MGSLP disbursement service records all adjustments to individual student loan accounts and ensures that school refunds of loan proceeds are promptly returned to the lenders. Disbursement service revenues earned during FY95 were \$55,389.

As of June 30, 1995, MGSLP's escrow disbursement service owed lending institutions \$47,367 for refunds of student loan proceeds which were not delivered to students. Loan refunds were paid to the lenders after fiscal year end.

5. DUE TO FEDERAL GOVERNMENT

After assignment to the guaranty agency, MGSLP seeks collection of student loans that have been defaulted or are in Chapter 7 or Chapter 13 bankruptcy status. Recoveries of loans reinsured by DE are owed back to DE (See Note 9). In addition, proceeds of loans sold back to lending institutions after a loan is rehabilitated or repurchased are also owed back to DE. At June 30, 1995, the amount owed to DE is \$659,222.

6. DEFERRED REVENUE AND GUARANTEE FEE INCOME

Guarantee fees are received from borrowers at the time loans are disbursed. In all years prior to FY95, MGSLP charged a guarantee fee equivalent to 3% of the loan amount. Effective July 1, 1994, the maximum guarantee fee that borrowers may be charged decreased to 1% of the loan amount. Guarantee fees are deferred and recognized as revenue, using the straight-line method, over an eight year period. This period approximates the average life of an outstanding student loan. Deferred revenues from guarantee fees are invested by MGSLP and are included in the agency's reserves. Deferred revenue at June 30, 1995 is \$5,215,304.

Earned guarantee fee income for FY95 is made up of the annual guarantee fees received as follows:

Fiscal Year	One-eighth of fees
1988	\$ 111,856
1989	135,386
1990	166,654
1991	181,017
1992	203,310
1993	218,329
1994	260,288
1995	<u>107,525</u>
	<u>\$1,384,365</u>

7. RESTRICTED FUND BALANCE

The restricted fund balance of \$54,949 accounts for interest earnings on the original federal advance which MGSLP received from DE during its start-up phase. Program regulations require that these interest earnings be restricted for claim payments. Since its inception, MGSLP has paid \$217,213 in claims which were not reinsured by DE

8. TRANSITIONAL SUPPORT

MGSLP is reimbursed by DE for a portion of its administrative costs. During FY95 DE reimbursed MGSLP \$855,021 in transitional support payments (formerly called Administrative Cost Allowance). This includes an accrual of \$79,316 for transitional support payments owed MGSLP for the fourth quarter FY95, which was not received until after fiscal year end.

The Omnibus Budget Reconciliation Act of 1993, including the Student Loan Reform Act of 1993, provides that payment of transitional support is dependent upon federal appropriation on an annual basis. For FY95, transitional support reimbursements were calculated as 1% of the total consummated loan guarantees made during the year.

9. COLLECTION COSTS RETAINED

When MGSLP collects all or a portion of a defaulted loan reinsured by the federal government, the recovery applied to the reinsured portion of the loan must be forwarded to DE. DE allows MGSLP to retain collection fees from its defaulted loan recoveries equivalent to 27% of the gross recovered amount to cover the costs associated with collecting.

During FY95 MGSLP retained \$973,026 from the total recoveries received on loans assigned to the agency. Expenditures for direct collection costs incurred by MGSLP during FY95 were \$613,730.

10. SUPPLEMENTAL PRECLAIMS ASSISTANCE

MGSLP provides supplemental preclaims assistance (SPA) to lenders holding delinquent student loan notes that are between 120 and 270 days past due. The MGSLP staff attempt to contact delinquent borrowers in order to advise them of the options available to them for bringing their delinquent accounts current. After a borrower has been satisfactorily assisted in bringing his/her account current, DE reimburses MGSLP for its efforts. The reimbursement is computed as 1% of the satisfactorily resolved account balance on each account receiving SPA. Reimbursements for SPA during FY95 were \$214,934. This includes \$39,770 in reimbursements for supplemental preclaims activity during the last two months of FY95 which was not received until after fiscal year end.

11. ACCRUED INTEREST

MGSLP purchases claim eligible bankruptcy accounts from lending institutions. If the claim survives the bankruptcy discharge, MGSLP sells the bankruptcy claim back to a lending institution at its outstanding value, including interest which accrued during the bankruptcy proceedings. During FY95, accrued interest earned on repurchased bankruptcy accounts was \$11,015.

12. CONTINGENCIES

The outstanding principal balance of loans guaranteed by MGSLP as of June 30, 1995, is approximately \$400,725,003. This amount excludes bad debt, death, disability, and bankruptcy claims which have been previously purchased by the agency.

MGSLP has entered into agreements with DE, dated June 13, 1980, for reinsurance and supplemental reinsurance of loans, in accordance with Section 428 of the Higher Education Act of 1965, as amended. These agreements allow for 100% reimbursement by DE for claims due to the death, disability, or bankruptcy of the borrower. Claims due to defaulted loans may be reimbursed by DE for up to 100%. The percent of reimbursement on defaulted loans payable to the agency is dependent upon MGSLP's annual default rate and date of the original loan guarantee. Annual default rates are calculated as the ratio of year-to-date default purchases divided by the original guaranteed amount of loans in repayment status at the beginning of the current federal

fiscal year. MGSLP's annual default rate has been less than 5% since the conclusion of the 1987 federal fiscal year on September 30, 1987. The following schedule reflects the federal reinsurance rates on defaulted student loans. In the event of extreme future adverse loss experience, MGSLP could be liable for up to 22% of the outstanding loan volume.

RATE OF ANNUAL DEFAULTS	FEDERAL REINSURANCE Loans made on or prior to 9/30/93	FEDERAL REINSURANCE Loans made on or after 10/1/93
0 to 5%	100%	98%
more than 5% but less than or equal to 9%	100% of claims thru 5%; 90% of claims over 5% but less than or equal to 9%	98% of claims thru 5%; 88% of claims over 5% but less than or equal to 9%
over 9%	100% of claims thru 5%; 90% of claims over 5% but less than or equal to 9%; 80% of claims over 9%	9% of claims thru 5%; 88% of claims over 5% but less than or equal to 9%; 78% of claims over 9%

13. COMMITMENTS

MGSLP is bound by Guarantee Reserve Agreements with the lending institutions participating in the Federal Family Education Loan Program in Montana. These agreements require MGSLP to maintain an amount in the guarantee reserve fund equal to at least 1.0% of the unpaid principal balance of all outstanding loans guaranteed by the agency. MGSLP's Guarantee Reserve Agreement with the Montana Higher Education Student Assistance Corporation (MHESAC), Montana's student loan secondary market, has been amended to require that its reserve fund be equal to at least 1.5% of the unpaid principal balance of all outstanding loans guaranteed by MGSLP.

The Guarantee Reserve Agreement ensures that MGSLP will have sufficient cash available to carry out its reasonably expected obligations on guaranteed claim eligible student loans. As of June 30, 1995, MGSLP was substantially in compliance with all Guarantee Reserve Agreements.

14. PRIOR YEAR ADJUSTMENTS

Prior year adjustments of \$375 consist of miscellaneous expenditures for services received in FY94 which were not billed until FY95.

15. FIXED ASSETS

MGSLP is accounted for on the Statewide Budgeting and Accounting System (SBAS) as a special revenue fund. The fixed assets of MGSLP, which total \$531,541 as of June 30, 1995, are included in the General Fixed Assets Account Group within the accounting entities of the Office of the Commissioner of Higher Education.

16. COMPENSATED ABSENCES LIABILITY

MGSLP's liability for compensated absences, which totals \$91,056 as of June 30, 1995, is included in the Long Term Debt Account Group within the accounting entities of the Office of the Commissioner of Higher Education.

17. RELATED PARTY TRANSACTIONS

The Montana Board of Regents, which governs MGSLP, is the guarantor of the loans owned by MHESAC. The Board of Regents and MHESAC have four common board members. Approximately 66% of MGSLP's outstanding loan volume is held by MHESAC.

MGSLP has an agreement with MHESAC to share certain costs for the lease of computer and mailroom equipment; computer and software maintenance costs; computer supply, photocopy, and facsimile expenses; and personnel costs for employees of MHESAC who perform services that are of direct benefit to MGSLP. Certain MHESAC personnel are authorized to purchase computer equipment for use by both MGSLP and MHESAC. Costs for these purchases are covered under the shared costs agreement between the two entities. MGSLP also receives certain services from the State of Montana for telephone, postage, and computer supplies which directly benefit MHESAC. MHESAC reimburses MGSLP for these services.

MGSLP's portion of shared costs reimbursed to MHESAC during FY95, is \$275,292, including \$13,465 which was not paid until after fiscal year end. During FY95, MGSLP was reimbursed for \$191,685 of shared costs by MHESAC, which includes an accrued receivable of \$28,004 for reimbursements not received until after fiscal year end.

18. EMPLOYEES' RETIREMENT SYSTEM

MGSLP employees are covered by the Public Employees Retirement System (PERS) or the Teachers Retirement System (TRS). Professional employees with contracts under the authority of the Board of Regents may choose either the Montana Teachers Retirement System (TRS) or the Optional Retirement Program (ORP), which is available through the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF). The classified staff is provided a retirement program through the Montana Public Employees Retirement System (PERS).

DEFINED BENEFIT PLANS

Public Employees Retirement System (PERS).

Established in 1945 and governed by Title 19, Chapter 3, MCA, Public Employees Retirement System participants are eligible to retire at age 60 with at least five years of service; at age 65 regardless of length of service; or at 30 years of service regardless of age. A reduced retirement benefit may be taken with 25 years of service or at age 50 with a minimum of five years of service. Effective January 1, 1989, monthly retirement benefits are calculated by taking 1/56 times the years of service times the final average salary. Vesting occurs once membership service totals five years. Under PERS, the state contributed 6.700% of an employee's gross wages. The employee contributed 6.700% of his/her gross wages.

Teachers Retirement System (TRS).

The Teachers Retirement System was established in 1937 and is governed by Title 19, Chapter 20, MCA. Teachers Retirement System participants are eligible to retire with a minimum 25 years of membership service or five years of creditable service at age 60. A retirement benefit is 1/60 times the years of service times average final compensation. An employee is vested in TRS following completion of five years of creditable service. Vested employees may retire at or after age 50 and receive a reduced retirement benefit. Under TRS, the state contributed 7.470% of an employee's gross wages. The employee contributed 7.044% of his/her gross wages.

The State's policy is to fund accrued pension costs although unfunded liabilities exist. Based on their most recent actuarial valuation reports, both the PERS and the TRS were actuarially sound.

Trend information, indicating the progress made toward accumulating assets needed to pay retirement benefits when they are due, is not available on an agency basis. This information is available on a statewide basis in the Retirement System's annual reports.

RETIREMENT PLAN INFORMATION FOR MGSLP AS OF JUNE 30, 1995

	PERS	TRS
Covered Payroll	\$743,183	\$ 85,568
Total Payroll	845,693	845,693
Employer Contributions	\$ 49,793	\$ 6,392
Percent of Covered Payroll	6.700%	7.470%
Employee Contribution	\$ 49,793	\$ 6,027
Percent of Covered Payroll	6.700%	7.044%

19. GOING CONCERN

On August 10, 1993, Congress enacted PL 103-66 which includes the Student Loan Reform Act of 1993. The Student Loan Reform Act (the Act) authorizes a Federal Direct Student Loan Program (FDSLSP) which provides that the federal government, rather than private lenders, supply the capital necessary for student loans. The Act calls for a gradual phase-in of the FDSLSP beginning July 1, 1994, with up to 60% of the national student loan volume being made under the FDSLSP by 1999. One Montana school, historically accounting for approximately 21% of MGSLP's annual loan guarantee volume, is currently participating in the FDSLSP. The future impact of the FDSLSP on loan guarantees by MGSLP is not known at this time. MGSLP guarantee fee revenues are based on the volume of loans originated and disbursed under the Federal Family Education Loan Program. This source of revenue is expected to be adversely impacted by the implementation of the FDSLSP.

Program Response



MONTANA GUARANTEED STUDENT LOAN PROGRAM

Mailing Address:
P.O. Box 203101
Helena, MT 59620-3101

(406) 444-6594
FAX (406) 444-0684

Delivery Address:
2500 Broadway
Helena, MT 59601-4989

Customer Assistance (800) 537-7508

September 15, 1995

Scott A. Seacat
Legislative Auditor
Capitol Station
Helena, Montana 59620

Dear Mr. Seacat:

This letter confirms completion of the Montana Guaranteed Student Loan Program's FY95 financial-compliance audit which was performed by your staff. It is my understanding there were no recommendations.

I want to take this opportunity to thank you and your staff for the fine spirit of cooperation and professionalism with which our audit was conducted.

Please be assured that the MGSLP management and staff will continue to evaluate the operations of the agency as impacted by ever-changing federal legislation. We remain committed to providing the best available services to the schools, lenders, and students participating in the Federal Family Education Loan Program in Montana. Their confidence is of utmost importance to ensure that Montana students are never denied access to private capital for student loans.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bill Lannan". The signature is fluid and cursive, with a large initial "L".

William J. Lannan
Director
Montana Guaranteed Student Loan Program

